

Department of Water Resources

	FY 2012 ACTUAL	FY 2013 ESTIMATE	FY 2014 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	207.2	90.0	90.0 ^{1/}
Personal Services	2,361,500	2,961,900	2,996,600
Employee Related Expenditures	945,300	1,251,100	1,252,000
Professional and Outside Services	657,600	205,400	205,400
Travel - In State	60,900	110,200	110,200
Travel - Out of State	22,700	69,500	69,500
Other Operating Expenditures	1,952,100	2,459,300	2,445,900
Equipment	319,800	419,500	419,500
OPERATING SUBTOTAL	6,319,900	7,476,900	7,499,100
SPECIAL LINE ITEMS			
Adjudication Support	1,192,200	1,246,300	1,256,700 ^{2/}
Assured and Adequate Water Supply Administration	1,772,900	1,975,600	1,989,500 ^{3/}
Automated Groundwater Monitoring	364,900	408,000	410,200
Conservation and Drought Program	397,800	406,600	410,000
Lower Colorado River Litigation Expenses	0	0	500,000 ^{4/5/}
Rural Water Studies	1,147,800	1,161,000	1,167,700 ^{6/}
AGENCY TOTAL	11,195,500	12,674,400 ^{7/}	13,233,200 ^{8/}
FUND SOURCES			
General Fund	5,821,900	12,267,200	12,326,400
<u>Other Appropriated Funds</u>			
Assured and Adequate Water Supply Administration Fund	268,200	266,800	266,400
Water Resources Fund	5,105,400	140,400	640,400
SUBTOTAL - Other Appropriated Funds	5,373,600	407,200	906,800
SUBTOTAL - Appropriated Funds	11,195,500	12,674,400	13,233,200
Other Non-Appropriated Funds	7,264,000	9,593,700	9,593,700
Federal Funds	420,600	325,900	325,900
TOTAL - ALL SOURCES	18,880,100	22,594,000	23,152,800

AGENCY DESCRIPTION — The Department of Water Resources administers and enforces Arizona's groundwater and surface water law, as well as legally representing the state's water rights. The department also participates in surveying water level and quality and planning flood control.

^{1/} Includes 52 GF FTE Positions funded from Special Line Items in FY 2014.

^{2/} Monies in the Adjudication Support line item shall be used only for the exclusive purposes prescribed in A.R.S. § 45-256 and A.R.S. § 45-257B4. The Department of Water Resources shall not transfer any funds into or out of the Adjudication Support line item. (General Appropriation Act footnote)

^{3/} Monies in the Assured and Adequate Water Supply Administration line item shall be used only for the exclusive purposes prescribed in A.R.S. § 45-108 and A.R.S. § 45-576 through A.R.S. § 45-579. The Department of Water Resources shall not transfer any funds into or out of the Assured and Adequate Water Supply Administration line item. (General Appropriation Act footnote)

^{4/} This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

^{5/} The Department of Water Resources shall not transfer any monies from the Lower Colorado River Litigation Expenses line item without the prior review of the Joint Legislative Budget Committee. (General Appropriation Act footnote)

^{6/} It is the intent of the Legislature that monies in the Rural Water Studies line item will be spent only to assess local water use needs and to develop plans for sustainable future water supplies in rural areas outside the state's AMAs and not be made available for other department operating expenditures. (General Appropriation Act footnote)

^{7/} In addition to these amounts, the FY 2013 General Appropriation Act included a one-time FY 2013 adjustment of \$(93,300) GF for a state employee health insurance premium holiday. (Please see the FY 2013 General Fund Adjustments section.)

^{8/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$7,499,100 and 38 FTE Positions in FY 2014 for the operating budget. These amounts consist of:

FY 2014
General Fund \$7,358,700
Water Resources Fund 140,400

These amounts fund the following adjustments:

Statewide Adjustments

The budget includes an increase of \$22,200 from the General Fund in FY 2014 for statewide adjustments. (*Please see the Agency Detail and Allocations section.*)

Adjudication Support

The budget includes \$1,256,700 and 14.5 FTE Positions from the General Fund in FY 2014 for Adjudication Support. These amounts fund the following adjustments:

Statewide Adjustments

The budget includes an increase of \$10,400 from the General Fund in FY 2014 for statewide adjustments.

A.R.S. § 45-256 requires the Department of Water Resources to provide technical and administrative support to judicial proceedings involving water rights claims in the Gila River and Little Colorado River watersheds, which include approximately two-thirds of the land within the state. In 1952, Congress passed the McCarran Amendment, which waived the sovereign immunity of the United States to the adjudication of its federal reserved water right claims in state court on behalf of itself and Indian tribes. Due to the ongoing state court proceedings, the federal court has declined to exercise its jurisdiction over the federal reserved water right claims of the United States and Indian Tribes. Absent a state court proceeding, the federal court could exercise jurisdiction over these federal reserved water rights claims. (*Please see the Lower Colorado River Litigation Expenses section.*)

Assured and Adequate Water Supply Administration

The budget includes \$1,989,500 and 19.8 FTE Positions in FY 2014 for the Assured and Adequate Water Supply (AAWS) Program. These amounts consist of:

General Fund 1,723,100
AAWS Administration Fund 266,400

These amounts fund the following adjustments:

Statewide Adjustments

The budget includes an increase of \$13,900 in FY 2014 for statewide adjustments. These amounts consist of:

General Fund 14,300
AAWS Fund (400)

All new subdivisions within the state's 5 Active Management Areas (AMAs), must either obtain a Certificate of Assured Water Supply from the Department of Water Resources or obtain a commitment of water service from a municipal provider designated as having an Assured Water Supply. An applicant for a Certificate of Assured Water Supply or a Designation of Assured Water Supply must demonstrate the availability of water for the next 100 years.

New developers outside the 5 AMAs may obtain a commitment of water service from a municipal water provider designated as having an Adequate Water Supply or developers must obtain from the department a report of the water available to the new subdivision for 100 years before any lots may be sold. In most areas outside the AMAs, if the water supply report determined the water supply to be inadequate, lots may still be sold, but buyers must be notified of the determination. In certain areas outside the AMAs, lots may not be sold unless the water supply is determined to be adequate for 100 years.

Automated Groundwater Monitoring

The budget includes \$410,200 and 2 FTE Positions from the General Fund in FY 2014 for Automated Groundwater Monitoring. These amounts fund the following adjustments:

Statewide Adjustments

The budget includes an increase of \$2,200 from the General Fund in FY 2014 for statewide adjustments.

Monies in this Special Line Item (SLI) are to provide for automated measuring instruments, which provide daily measurements of groundwater levels. This information is used to support the administration of all the water management programs that the Department of Water Resources is responsible for, including but not limited to, determining assured and adequate water supply, implementation and evaluation of recharge activities, rural water budgets, and water supply studies

Conservation and Drought Program

The budget includes \$410,000 and 4.7 FTE Positions from the General Fund in FY 2014 for the Conservation and Drought Program. These amounts fund the following adjustments:

Statewide Adjustments

The budget includes an increase of \$3,400 from the General Fund in FY 2014 for statewide adjustments.

Monies in this SLI are used to assist local communities to assess conservation needs and assist rural communities in the development of conservation programs, promote water education throughout the state, create guidelines for more efficient use of water, and provide suggestions for funding and implementing conservation programs. Monies in this SLI are also used by the Department of Water Resources to administer the requirements of the Community Water System program, including but not limited to annual water use reporting (mailings, electronic notification and submittals), improvements to increase efficiencies of reporting and data collection, data analysis and compliance.

Lower Colorado River Litigation Expenses

The budget includes \$500,000 from the Water Resources Fund in FY 2014 for a new Lower Colorado River Litigation Expenses SLI. These amounts fund the following adjustments:

Funding Creation

The budget includes \$500,000 from the Water Resources Fund in FY 2014 for Lower Colorado Litigation expenses. This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations.

Monies in this SLI are used to pay the litigation costs associated with the *Navajo Nation v. United States Department of the Interior* case, in which the Department of Water Resources is an intervening defendant. This case involves the Navajo Nation's claims to water from the Lower Colorado River and challenges operations that were put in place after the initial lawsuit was filed in 2003. The Navajo Nation filed an amended complaint on June 3, 2013 to begin litigating the case. The United States and the state interveners have until August 26, 2013 to file motions to dismiss. The court will not issue a decision on the motions to dismiss until late 2013 or early 2014.

Rural Water Studies

The budget includes \$1,167,700 and 11 FTE Positions from the General Fund in FY 2014 for Rural Water Studies. These amounts fund the following adjustments:

Statewide Adjustments

The budget includes an increase of \$6,700 from the General Fund in FY 2014 for statewide adjustments.

Monies in this SLI are used to support the department's administration, data collection and evaluation of rural water studies. The monies are also used to provide assistance to local communities to assess local water use

needs and to develop plans for sustainable future water supplies in rural areas outside the state's AMAs. The current AMAs are Prescott, Phoenix, Pinal, Tucson, and Santa Cruz. These studies are administered, in most cases, through partnerships with local resource agency officials and stakeholders. Partnerships generally require local entities to provide some resources to match General Fund receipts, although if a community has a significant need the department can waive this requirement. The studies are primarily conducted by the local entity, with the department providing technical advice and financial assistance. The department is currently involved in 9 studies.

Additional Legislation

Water Protection Fund Administrative Costs

The Environment Budget Reconciliation Bill (BRB) (Laws 2013, 1st Special Session, Chapter 4) allows the Arizona Water Protection Fund Commission to grant up to \$336,000 of the unobligated balance in the Arizona Water Protection Fund to the Department of Water Resources to pay for the cost of administering the Water Protection Fund in FY 2014.

Fee Revenue

The Environment BRB continues to allow the Director to increase fees for services in FY 2014. The bill specifies that the fee revenue be deposited in the Water Resources Fund with the intent that it shall not exceed \$100,200.

Other Issues

Automation Projects Transfer

The budget includes one-time FY 2014 transfers from this agency's funds associated with its proportionate share of costs for replacement of the state's financial accounting system. (*Please see the Automation Projects narrative for more details.*)